STATE OF TENNESSEE
BUREAU OF TENNCARE
DEPARTMENT OF FINANCE AND ADMINISTRATION
729 CHURCH STREET
NASHVILLE, TENNESSEE

This notice is to advise you of an important change that will impact the Point-of-Sale (POS) system used for processing pharmacy claims for the ***TennCare Program.*** On January 3, 2005, **First Health Services Corporation at the request of TennCare** will begin to accept and process the NCPDP Version 5.1 Compound Segment in order to provide electronic submission of multi-ingredient compounds. To facilitate your effort we are enclosing an updated Payer Specifications Sheet which includes the Compound Segment.

Please note that this change will require changes to your software. We ask that you **contact your software vendor immediately** in order to ensure that you will be able to submit your claims without interruption.

Important Notes
1. The claim segment product ID (i.e., NDC) is defined as a mandatory field and, therefore, must be submitted for all claims, including multi ingredient compounds. A non space value is expected in this field for field validation. The pharmacy will submit all zeroes in this field for a multi ingredient compound. For compound segment transactions, the claim will be rejected if all zeroes are not submitted as the product ID.
2. A Submission Clarification Code value of '8' will only allow a claim to continue processing if at least one ingredient is covered. TennCare will cover both rebateable and non-rebateable ingredients for compounded claims.
3. Each multi ingredient claim will count as one claim towards the respective Rx fill limits, if applicable.

Provider Instructions
(Also see Payer Specifications, available on the First Health / TennCare web site:
http://tennessee.fhsc.com/providers/documents*)*

Compounds

Compounds should be processed on line using "multiple ingredient functionality". All edits apply to each NDC. Providers should enter the following:

On Claim Segment:
- SUBMISSION CLARIFICATION CODE (NCPDP field # 420-DK) = 8 (Process Compound for Approved Ingredients) will allow a claim to continue processing if at least one ingredient is covered.
- Enter PRODUCT CODE/NDC (NCPDP field # 407-D7) as "00000000000" on the claim segment to identify the claim as a multi-ingredient compound.
- Enter COMPOUND CODE (NCPDP field # 406-D6) of "2".
- Enter QUANTITY DISPENSED (NCPDP field # 442-E7) of entire product.
- Enter GROSS AMOUNT DUE (NCPDP field # 430-DU) for entire product.

On Compound Segment:
- Enter COMPOUND DOSAGE FORM DESCRIPTION CODE (NCPDP field # 450-EF)
- COMPOUND DISPENSING UNIT FORM INDICATOR (NCPDP field # 451-EG)
- COMPOUND ROUTE OF ADMINISTRATION (NCPDP field # 452-EH)
- COMPOUND INGREDIENT COMPONENT COUNT (NCPDP field # 447-EC) (Maximum of 25)

   For each line item:
- COMPOUND PRODUCT ID QUALIFIER (NCPDP field # 488-RE)
- COMPOUND PRODUCT ID (NCPDP field # 489-TE), i.e. NDC
- COMPOUND INGREDIENT QUANTITY (NCPDP field # 448-ED)
- COMPOUND INGREDIENT DRUG COST (NCPDP field # 449-EE)

Example Transaction: Salicylic Acid 10gm, Lactic Acid 3ml, Flexible Collodion qs 40ml
On Claim Segment:
- SUBMISSION CLARIFICATION CODE (NCPDP field # 420-DK) = 8
- Enter PRODUCT CODE/NDC (NCPDP field # 407-D7) as "00000000000" on the claim segment to identify the claim as a multi-ingredient compound.
- Enter COMPOUND CODE (NCPDP field # 406-D6) of "2".
- Enter QUANTITY DISPENSED (NCPDP field # 442-E7) of entire product.
- Enter GROSS AMOUNT DUE (NCPDP field # 430-DU) for entire product.

On Compound Segment (see Payer Specifications for field values):

- Enter COMPOUND DOSAGE FORM DESCRIPTION CODE (NCPDP field # 450-EF)
- COMPOUND DISPENSING UNIT FORM INDICATOR (NCPDP field # 451-EG)
- COMPOUND ROUTE OF ADMINISTRATION (NCPDP field # 452-EH)
- COMPOUND INGREDIENT COMPONENT COUNT (NCPDP field # 447-EC) (Maximum of 25)

For each line item (i.e., for Salicyilic Acid, Lactic Acid <u>and</u> Flexible Collodion):
- COMPOUND PRODUCT ID QUALIFIER (NCPDP field # 488-RE)
- COMPOUND PRODUCT ID (NCPDP field # 489-TE), i.e., NDC of each ingredient
- COMPOUND INGREDIENT QUANTITY (NCPDP field # 448-ED), i.e., quantity of each ingredient
- COMPOUND INGREDIENT DRUG COST (NCPDP field # 449-EE), i.e., ingredient cost of each ingredient
- **NOTE: Pharmacies must transmit the same NDC number(s) that is/are being used to dispense the medication.**

Provider Education Conference Calls
Two provider Conference Calls have been scheduled on December 14 and 16, 2004 to address any questions regarding the Compound Segment. The format of these sessions will be Question and Answer. Please note the following Conference Call options, with dates and times:

- **Tuesday, December 14:**
  9:00 a.m. to 11:00 a.m. CST (10:00 a.m. to 12:00 p.m. EST)
- **Thursday, December 16:**
  1:00 p.m. to 3:00 p.m. CST (2:00 p.m. to 4:00 p.m. EST)

Dial-in information for the conference calls:
1. Conference Call toll-free access number: 800-824-7254
2. Guest Room number: 756890. You will be prompted to enter the guest room number.

Again, please **contact your software vendor immediately** in order to ensure that you will be able to submit your claims utilizing the Compound Segment without interruption.

If you have any questions, please contact the Richmond, Virginia **First Health Services Corporation** Provider Relations staff at (804) 965-7729.